

Message Text

CONFIDENTIAL

PAGE 01 PARIS 09166 01 OF 02 111240Z

51

ACTION EB-07

INFO OCT-01 INRE-00 SSO-00 NSCE-00 ISO-00 USIE-00 PA-01

PRS-01 L-02 H-02 AID-05 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04

SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 AF-06 ARA-06

EA-06 EUR-12 NEA-09 /107 W
----- 094864

O R 111216Z APR 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 8384

INFO AMEMBASSY BONN IMMEDIATE

AMEMBASSY LONDON

AMEMBASSY SANTIAGO

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 09166

E.O. 11652: GDS

TAGS: EFIN, CI

SUBJECT: CHILE DEBT RESCHEDULING

REF: A) STATE 79761; B) PARIS 8872

1. BAUCHARD IN FINANCE MINISTER'S "CABINET" INFORMED US ON APRIL 9 THAT FINANCE MINISTER FOURCADE HAD TOLD HIM OF APRIL 8 DISCUSSION ON CHILE DEBT RESCHEDULING WITH SECRETARY SIMON AND OTHER FINANCE MINISTERS (REFTEL B). FOURCADE TOLD BAUCHARD THAT THE MINISTERS HAD AGREED ON DESIRABILITY OF HOLDING INFORMAL MEETING OF CREDITORS ONLY BEFORE END OF APRIL AND HAD INSTRUCTED BAUCHARD TO EXAMINE WITH NEBOT, ASSISTANT TREASURY DIRECTOR AND CHAIRMAN OF PARIS CLUB, HOW MEETING MIGHT BE ORGANIZED WITHIN THAT TIMETABLE. IN HIS ACCOUNT TO BAUCHARD, FOURCADE APPARENTLY DID NOT MENTION MATTER OF FULL CLUB MEETING, AND IN LIGHT OF OUR COMMENTS,
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARIS 09166 01 OF 02 111240Z

BAUCHARD IS QUERYING FOURCADE ON THAT POINT.

2. IN VIEW OF NEBOT'S IMMINENT DEPARTURE FROM PARIS, WE ALSO DISCUSSED SUBJECT WITH HIM ON APRIL 9. SINCE HE HAD NOT YET HEARD FROM BAUCHARD, WE FILLED HIM IN ON MINISTERIAL DISCUSSION. NEOT CONTINUED TO SEE GREAT DIFFICULTIES IN TRYING TO HOLD CREDITORS ONLY MEETING BEFORE END OF APRIL. HE SAID HE WOULD ASK BAUCHARD TO MAKE HIS VIEWPOINT CLEAR TO MINISTER FOURCADE. IN THE FIRST PLACE, HIS OTHER COMMITMENTS DURING THIS MONTH, BOTH IN AND AWAY FROM PARIS, LEFT VIRTUALLY NO FREE DATES ON THE CALENDAR. OF FAR MORE IMPORTANCE, HOWEVER, WAS HIS STRONG CONVICTION THAT MORE LEAD TIME WAS NEEDED TO LAY GROUNDWORK FOR CREDITORS ONLY MEETING THAT WOULD HAVE REASONABLE CHANCE OF BEARING FRUIT.

3. WHILE URGING NEBOT TO GO OVER THIS SCHEDULING PROBLEM WITH BAUCHARD, WE SAID U.S. STILL MAINTAINED STRONG PREFERENCE FOR EARLY MEETING AND WOULD PROPOSE APRIL 24-25 DESPITE CONFLICT WITH ADB ANNUAL MEETING IN MANILA. NEBOT REPLIED THAT HE WAS ALREADY COMMITTED ON THESE DATES TO "IMPORTANT BILATERAL NEGOTIATION," WHICH COULD BE SET ASIDE ONLY PURSUANT TO DIRECT ORDER FROM MINISTER FOURCADE. AFTER WE HAD REITERATED TO HIM THAT "MID-MAY" SEEMED ENTIRELY TOO SLOW A PACE TO US, HE SUGGESTED THAT BEST EARLIER DATES WOULD BE MAY 5 AND 6. WITHOUT INDICATING TO HIM THAT OUR INSTRUCTIONS (REFTEL A) OFFERED THOSE DATES AS POSSIBLE ALTERNATIVE, WE UNDERTOOK TO URGE DEPARTMENT TO ACCEPT THEM.

4. BAUCHARD AND NEBOT HAD FOLLOWING REACTIONS TO POINTS CONTAINED PARAS 2 AND 3 REFTEL A.

A. GOF FULLY SHARES U.S. VIEW THAT OBJECTIVE OF PARIS CLUB IS MULTILATERAL DEBT RESCHEDULING AGREEMENT WITH CHILE. GOF CONCEIVED IDEA OF CREDITORS MEETING AS DEVICE WHICH MIGHT SUCCEED IN REMOVING ROADBLOCKS THAT NOW STAND IN WAY OF REACHING THAT OBJECTIVE. FOR THIS REASON, THEY HAVE TROUBLE WITH CONCEPT THAT FRAME-CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PARIS 09166 01 OF 02 111240Z

WORK FOR UPCOMING CREDITORS' MEETING SHOULD BE LIMITED TO CONSIDERATION OF TECHNICAL AND FINANCIAL MERITS OF DEBTOR'S REQUEST FOR A RESCHEDULING.

B. GOF CERTAINLY AGREES THERE SHOULD BE NO PRESS COVERAGE OR STATEMENT ON CREDITORS MEETING. THEY WILL NATURALLY INSIST TO OTHERS, AS THEY HAVE TO US, THAT ALL PARTICIPANTS RESPECT CONFIDENTIALITY OF MEETING

AND PROCEEDINGS. THEY HAVE CONSIDERABLE APPREHENSION THAT LEAKS WILL NEVERTHELESS OCCUR, PARTICULARLY GIVEN POLITICAL OVERTONES ATTACHING TO THE PROBLEM.

C. GOF LIKEWISE AGREES THAT INFORMAL CREDITORS MEETING IS FORUM FOR DISCUSSION, AS THEY MADE CLEAR IN COMMENTING ON U.S. VIEWS CONTAINED IN PARA 2 REFTEL A (SEE SUB-PARA A ABOVE). IT FOLLOWS THAT DECISIONS AFFECTING ACTUAL PARIS CLUB (WHICH THEY INTERPRET TO

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 PARIS 09166 02 OF 02 111237Z

51

ACTION EB-07

INFO OCT-01 INRE-00 SSO-00 NSCE-00 ISO-00 USIE-00 PA-01

PRS-01 L-02 H-02 AID-05 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04

SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 AF-06 ARA-06

EA-06 EUR-12 NEA-09 /107 W

----- 094832

O R 111216Z APR 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 8385

INFO AMEMBASSY BONN IMMEDIATE

AMEMBASSY LONDON

AMEMBASSY SANTIAGO

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 02 OF 02 PARIS 09166

MEAN DECISIONS ON TERMS AND CONDITIONS OF RESCHEDULING TO BE OFFERED TO CHILE) SHOULD BE TAKEN SOLELY BY COUNTRIES WILLING TO CONSIDER CHILE'S REQUEST FOR RESCHEDULING. IN REPLY TO OUR QUESTION, THEY CONFIRMED THAT THEY DID NOT ENVISAGE TRYING TO LURE SOME RECALCITRANTS

BACK INTO FOLD BY PROPOSING TO STIFFEN TERMS AND CONDITIONS OVER THOSE OF LAST YEAR. DISCUSSION OF THIS POINT ALSO LED NEBOT TO REITERATE HIS CONCERN THAT CHILE, SUPPORTED BY IMF AND POSSIBLY U.S., MIGHT PUSH FOR 100 PERCENT RESCHEDULING, OR SOMETHING CLOSE THERETO.

D. CERTAINLY IMF REPRESENTATIVE SHOULD BE INVITED TO ATTEND CREDITORS MEETING. HOWEVER, NEBOT PROPOSES NOT TO INVITE OTHER OBSERVERS (IDB, OECD AND IBRD), ON GROUNDS THEIR PRESENCE NOT ESSENTIAL AND THAT THIS WOULD BE CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARIS 09166 02 OF 02 111237Z

BE FURTHER MEANS OF UNDERLINING INFORMAL NATURE OF PROCEEDINGS.

5. NEBOT MADE PLEA THAT U.S. MAKE PARALLEL REPRESENTATIONS TO DEFECTING CREDITOR GOVERNMENTS IN SUPPORT OF GOF EFFORTS TO GET THEM TO ATTEND CREDITORS MEETING. HE ARGUED THAT IN SO DOING, U.S. WOULD BE ADVANCING ITS OBJECTIVE OF ACHIEVING EARLY MULTILATERAL RESCHEDULING AGREEMENT WITH CHILE. WE SAID ONLY THAT WE WOULD TRANSMIT HIS REQUEST TO DEPARTMENT FOR CONSIDERATION.

6. COMMENT: FROM PARIS VANTAGE POINT, SITUATION NOW LOOKS TO BE AS FOLLOWS:

A. WE HAVE PUSHED VERY HARD ON FRENCH AT SEVERAL DIFFERENT LEVELS AND POINTS WITHIN GOF TO GET ACCEPTANCE OF U.S. VIEW THAT INVITATIONS TO CREDITORS MEETING SHOULD MAKE CLEAR THAT MEETING IS INTENDED AS "FIRST STEP" TO RESCHEDULING OR THAT OBJECTIVE OF PARIS CLUB CONTINUES TO BE RESCHEDULING AGREEMENT WITH CHILE. LIKEWISE THAT CLUB FRAMEWORK, WITH OR WITHOUT PRESENCE OF DEBTOR, SHOULD CONTINUE TO BE LIMITED TO TECHNICAL AND FINANCIAL MERITS OF DEBTOR'S REQUEST FOR RESCHEDULING. WHILE AGREEING THAT RESCHEDULING IS OBJECTIVE OF THE EXERCISE, FRENCH DO NOT ACCEPT OUR CONCEPT OF CREDITORS MEETING. THEY WANT TO ENTICE MAXIMUM NUMBER OF DEFECTORS TO ATTEND IN HOPES OF BROADENING PARTICIPATION IN RESCHEDULING AND THEREBY ACHIEVING AGREED OBJECTIVE. FRG VIEWS ON THIS POINT SEEM CLOSE TO THOSE OF GOF (PARA 1 BONN 5503).

B. CONVERSELY WE HAVE MADE PROGRESS ON THE TIMETABLE, FINALLY GETTING NEBOT TO PROPOSE OF HIS OWN VOLITION OUR FALLBACK DATES OF MAY 5 AND 6.

C. OUR CONCERN IS THAT IF U.S. PROLONGS DEBATE ABOUT

NATURE AND PURPOSE OF CREDITORS MEETING, TIMETABLE FOR
RESCHEDULING WILL GET DELAYED STILL FURTHER, BUT
WITHOUT BUDGING GOF ON CONCEPT OF CREDITORS MEETING.
MOREOVER, IF OUR READING OF BONN 5503 IS CORRECT, WE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PARIS 09166 02 OF 02 111237Z

CANNOT HOPE FOR SUPPORT OF FRG ON THIS ISSUE.

D. GIVEN THAT OUR OBJECTIVE IS 1975 MULTILATERAL
RESCHEDULING FOR CHILE IN EARLIEST POSSIBLE TIME FRAME
AND COVERING A SIGNIFICANT PROPORTION OF CHILE'S DEBTS,
WE STRONGLY RECOMMEND THAT EMBASSY BE AUTHORIZED TO
TELL GOF WE ARE PREPARED TO ATTEND CREDITORS MEETING ON
MAY 5 AND 6. WE COULD ALSO SAY THAT WE WILL, OF COURSE,
FEEL FREE IN THAT MEETING TO ARGUE WITH ALL THE FORCE
AT OUR COMMAND THE POINTS SET FORTH IN PARAS 2 AND 3
REFTEL A ABOUT NATURE AND OBJECTIVES OF PARIS CLUB.

7. RE PARA 5 REFTTEL A, NEBOT SAYS THAT UNDER PRESENT
INSTRUCTIONS FROM GOF, FRENCH EXECUTIVE DIRECTOR CAN
SUPPORT IMMEDIATE CONSIDERATION BY IBRD BOARD OF LOAN
TO CHILE, AND THAT, AS HE PROMISED, HE HAS MADE IT
CLEAR TO DIRECTOR THAT MOVEMENT IS UNDER WAY TO
ORGANIZE EARLY MEETING OF PARIS CLUB CREDITORS. IN
LIGHT OF NEBOT'S COMMENTS, WE RECOMMEND THAT YOU
APPROACH FRENCH EXECUTIVE DIRECTOR AND URGE HIM TO TAKE
WHATEVER STEPS HE CAN TO HELP GET THIS MATTER UNSTUCK.
RUSH

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBT REPAYMENTS, NEGOTIATIONS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PARIS09166
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750126-0984
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750458/aaaacbqm.tel
Line Count: 255
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 79761, 75 PARIS 8872
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 15 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 MAY 2003 by izenbei0>; APPROVED <19 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHILE DEBT RESCHEDULING
TAGS: EFIN, CI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006